



National Small Business Poll

NEIB National

Volume 4, Issue 1
2004

Small Business Poll

International Trade

NFIB National Small Business Poll

The *National Small Business Poll* is a series of regularly published survey reports based on data collected from national samples of small-business employers. Eight reports are produced annually with the initial volume published in 2001. The *Poll* is designed to address small-business-oriented topics about which little is known but interest is high. Each survey report treats different subject matter.

The survey reports in this series generally contain three sections. The first section is a brief Executive Summary outlining a small number of themes or salient points from the survey. The second is a longer, generally descriptive, exposition of results. This section is not intended to be a thorough analysis of the data collected nor to explore a group of formal hypotheses. Rather, it is intended to textually describe that which appears subsequently in tabular form. The third section consists of a single series of tables. The tables display each question posed in the survey broken-out by employee size of firm.

Current individual reports are publicly accessible on the NFIB Web site (www.nfib.com/research) without charge. Published (printed) reports can be obtained at \$15 per copy or by subscription (\$100 annually) by writing the *National Small Business Poll*, NFIB Research Foundation, 1201 "F" Street, NW, Suite 200, Washington, DC 20004. The micro-data and supporting documentation are also available for those wishing to conduct further analysis. Academic researchers using these data for public informational purposes, e.g., published articles or public presentations, and NFIB members can obtain them for \$20 per set. The charge for others is \$1,000 per set. It must be emphasized that these data sets do NOT contain information that reveals the identity of any respondent. Custom cross-tabulations will be conducted at cost only for NFIB members on a time available basis. Individuals wishing to obtain a data set(s) should write the *Poll* at the above address identifying the prospective use of the set and the specific set desired.

NFIB National
Small Business
Poll



International Trade

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International Trade

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Executive Summary

- Thirteen (13) percent of small-business owners report that they have had foreign sales in the past three years. This figure jumps to 39 percent when the sample is comprised solely of manufacturers.
- Foreign sales constitute a modest percentage of total sales among those who do sell outside the country. Seventy-one (71) percent of all small exporters have foreign sales comprising 5 percent or less of their total sales. Sixty-one (61) percent of exporting manufacturers have foreign sales comprising 5 percent or less of total sales.
- Most small manufacturers' sales to customers outside the U.S. have held steady over the past three years. Those who have experienced a change have more often seen an increase in sales than a decrease.
- Canada is the number-one destination for small manufacturers' goods. Thirty-two (32) percent exports primarily to Canada, followed by 14 percent to Asia, 13 percent to Mexico, and 12 percent to the British Isles.
- The number of countries each small exporting firm sells to varies widely. Nineteen (19) percent sells to one country, while 25 percent sells to over six. Forty-nine (49) percent sell to customers in two to five different countries.
- Most exporters simply take orders from abroad rather than vigorously marketing their products or services. Just 12 percent of exporting manufacturers regularly market outside the U.S. Eighteen (18) percent markets intermittently.
- Firm size matters. Manufacturers with 20 or more employees are more likely to regularly market and sell outside the U.S. than manufacturers with 10 to 19 employees, followed by the smallest firms (1-9 employees).
- Small-business owners' greatest consideration in keeping business domestic is the belief that opportunities are better in the U.S. than they are abroad. Sixty-eight (68) percent responds that sales opportunities in the U.S. influenced their decision to keep sales domestic.
- The most frequent problem limiting small manufacturers from increasing foreign sales is difficulty locating sales prospects. Respondents also worry that they cannot find a reliable foreign representative to help.
- Few exporting manufacturers rely upon government programs for export sales assistance. Nine percent have turned to the International Trade Administration (ITA) at the U.S. Department of Commerce for help. Just 4 percent has relied upon the Small Business Administration (SBA). Ten (10) percent has looked to another public source designed to promote exports.
- Less than one-quarter (24%) of manufacturers purchased goods or services directly from vendors outside the United States in the last three years. Thirteen (13) percent of all small-business owners made purchases directly from vendors outside the U.S.

International Trade

More business is transacted across international boundaries than at any time in recorded history. Its volume, and its percent as a portion of all commerce, is certain to increase. The change induced by these transactions and the speed with which they occur often destabilize, when not displacing, incumbent businesses and their employees. Policy-makers feel compelled to respond to these changes. One universal government response is to encourage largely hesitant small-business owners to institute or expand foreign sales. Importing, effectively outsourcing, is often discouraged. This issue of the *National Small Business Poll*, therefore, focuses on International Trade, both exporting and importing. However, the survey sample on which this issue of the *Poll* is based differs notably from prior *Polls*. Comparatively few American small businesses are involved in international trade, political hyperbole to the contrary. Thus, a small sample from all industries was selected for the survey to obtain population estimates. This all-industry sample was supplemented by a much larger sample of manufacturers. Only small manufacturers and small wholesalers have noticeable direct sales outside the United States. Since no parallel information about direct imports, the flip side of exports, was readily available, the profile of importing firms was assumed to be similar to that of exporting firms. In order to obtain meaningful information about the international trade activities of American small business, this volume principally examines a single industry, manufacturing.

Sales

Small-business sales to customers outside the United States are limited. Just thirteen (13) percent of all small-business owners report foreign sales (Q#1). Of those, 71 percent has foreign sales comprising 5 percent or less of their total sales. Thus, only about 4 percent of small businesses have more than 5 percent of total sales outside the United States.

The percentage of small exporters triples when the sample is comprised solely of manufacturers. Thirty-nine (39) percent of small manufacturers report sales to cus-

tomers outside the country in the last three years. Of this group, 61 percent made 5 percent or less of their total sales to non-U.S. customers. Nineteen (19) percent of exporting manufacturers claim 11 to 50 percent of total sales are non-U.S. and fewer than 3 percent exports over 50 percent.

The number of years small manufacturing exporters have been selling to non-U.S. customers varies widely. Eleven (11) percent has been exporting two years or less, 21 percent 3-5 years, and 22 percent 6-10 years (Q#7). However, 26 percent has been selling internationally for 11-20 years, while

11 percent has exported for 21-30 years. Eight (8) percent has been selling outside the U.S. for more than 30 years.

Most who are not now exporting never have. Ninety-four (94) percent of those without foreign sales in the past three years have never sold outside the United States (Q#2). Eighty-five (85) percent of manufacturers without recent non-U.S. sales have never had any. The survey asked those who once did but no longer have foreign sales why they ceased overseas operations. Twenty-five (25) percent of small manufacturers state that their foreign sales were negligible in the first place (Q#2a). Twenty-three (23) percent claims the market dried up while another 21 percent found foreign sales were not sufficiently profitable to continue. Nearly four-fifths (78%) of former exporters report chances are low that they will re-start foreign operations (Q#2b). Twenty-two (22) percent states there is a possibility that they may enter foreign markets again. The survey did not ask what would make an opportunity ripe for these owners to renew interest in foreign sales.

The share of small-business sales to customers outside the U.S. has held steady over the past three years for nearly half of manufacturing exporters. Forty-nine (49) percent says the percentage of their foreign sales is the same today as it was three years ago (Q#3). Among those who have experienced a change, more owners have been increasing sales to customers outside the U.S. than decreasing them. Twenty-four (24) percent reports foreign sales have been growing a little and 9 percent reports sales have been growing a lot. Nine (9) percent has reduced their sales outside the U.S. a little and 7 percent has reduced them a lot.

There are only two reasons to export: greater relative profitability in export sales and saturation of the American market. Most (67%) exporting manufacturers report domestic and foreign sales equally profitable (Q#10). But, 20 percent reports higher profits for their efforts abroad. Few exporters report their sales to other countries are less profitable than their domestic sales. Thus, it would appear that profitable opportunities for American small manufacturers abroad remain.

Country of Export

Responding manufacturers who export were asked where they made most sales (Q#4).

A large percentage export to English-speaking countries. A plurality went North of the border. Nearly one-third (32%) exports most frequently to Canada. Fourteen (14) percent of manufacturers exports primarily to Asia, while 13 percent exports primarily to Mexico, and 12 percent to the British Isles. Eight percent of manufacturers export primarily to parts of Europe other than the British Isles; 5 percent primarily to Latin America; and 3 percent primarily to Australia and New Zealand. These percentages vary little by firm size. However, small manufacturers are twice as likely to export to the British Isles as larger manufacturers. Sixteen (16) percent of smaller manufacturers have made sales in the British Isles while just 8 percent of larger ones have done so.

The number of countries that each exporting firm sells to varies widely. Nearly half (48%) limit sales to fewer than four countries (Q#4a). Nineteen (19) percent sells to one country; 14 percent to two countries; 15 percent to three countries; and 12 percent to either four or five countries. Seventeen (17) percent sells to between six and 10 countries, while 8 percent sells to over 10 countries.

Firm size creates variations in the number of countries reached by exporters. Larger manufacturers export to somewhat more countries than smaller ones, though the differences are not great. A possible reason for the unexpectedly small difference is the large share of exports that result from unsolicited orders from abroad.

Attracting Business

Most small manufacturing exporters are passive in their non-U.S. marketing activities. Over two-thirds (67%) of exporters' primary exporting activity involves merely taking unsolicited orders from outside the U.S. Twenty-three (23) percent of exporting manufacturers with 20 or more employees regularly market and sell abroad (Q#5). This figure drops to 11 percent for manufacturers with 10 to 19 employees and to 5 percent for the smallest firms. Some respondents make limited efforts to attract foreign customers. Eighteen (18) percent of all exporting manufacturers periodically market and sell outside the U.S.

Few manufacturers handle the majority of their sales to customers outside the U.S. via a Web site. Just twenty-four (24)

percent uses the Internet to conduct the majority of their export business. The smallest firms are nearly three times as likely as the largest firms to use a Web site for non-U.S. orders. Twenty-eight (28) percent of firms with fewer than 10 employees take a majority of their export orders over the Internet, while just 10 percent of firms with more than 20 employees do so. Twenty (20) percent of firms with 10-19 employees take Web orders.

Non-Exporters

Respondents who have not participated recently in exporting or who have never participated were asked if they would consider making non-U.S. sales in the future. Few among those who are not selling outside the U.S. have actually spent time investigating the possibility (Q#11). Just 8 percent has spent at least eight hours in the past three years investigating the potential for selling their products or services outside the U.S. or have engaged someone to do it for them. One quarter of those who have not investigated the possibility of exporting for at least eight hours have at least considered it (Q#11a).

Small manufacturers cite various reasons for keeping their businesses domestic (Q#13). Among the greatest considerations is their belief that opportunities in the United States are better than they are abroad. Forty (40) percent responds that better domestic opportunities is an important reason for their decision not to export and another 28 percent states it is at least a consideration.

Small manufacturers are looking for new business, however. Satisfaction with current sales levels is not a constraining factor for most. More than 64 percent says satisfaction with current sales is not a factor in its decision not to export.

Non-exporting small manufacturers perceive selling abroad to be complicated. This perception influences owners' decisions to shun exporting. Fifty-nine (59) percent claims there is too much regulation and red tape selling abroad (Q#13H). Fifty-eight (58) percent feels they lack the expertise to locate and develop markets outside the U.S (Q#13F). Forty-three (43) percent worries that they could not provide the necessary follow-up or service for foreign customers (Q#13G).

Costs, risks and comfort level are also issues. The high cost of start-up is a consideration for 41 percent of manufacturers (Q#13D). Thirty-seven (37) percent believes that it is too risky to sell outside the United States (Q#13B). Twenty-three (23) percent just does not feel comfortable with selling abroad (Q#13J).

Some small manufacturers do not think they are competitive overseas, while others claim they do not have an exportable product. Over half (51%) of owners do not think that they can be competitive internationally (Q#13I). One quarter (25%) reports that their products or services are not really exportable (Q#1A).

Barriers to Trade

The most important problem limiting increased sales among small manufacturing exporters is difficulty locating prospects. Slightly over half (51%) of exporters claim it limits their sales (Q#8D). Nearly as many, 50 percent, reports identifying reliable foreign representatives as a problem (Q#8I). Another large group (47%) believes their lack of management expertise in exporting hampers sales (Q#8H).

Costs and profitability play an important role. Forty-seven (47) percent of respondents are concerned with the up-front costs to develop foreign markets (Q#8F). Forty (40) percent does not believe increased foreign sales would be profitable (Q#8E).

Tariff and non-tariff barriers are also problems. Non-tariff barriers such as regulations and red tape are cited by 40 percent of manufacturers as hampering their ability to increase sales (Q#8B). Tariffs limit sales for 37 percent of respondents (Q#8A).

Shifting currency values are a problem for 42 percent (Q#8G). Twenty-two (22) percent of exporters claim their sales could be higher if they did not have to obtain American export licenses (Q#8J).

Trade Assistance

Few exporting manufacturers have relied upon government programs for export assistance in the past three years. Nine (9) percent has turned to the International Trade Administration (ITA) at the U.S. Department of Commerce for help (Q#9A). Just 4 percent has relied upon the Small Business Administration (SBA) (Q#9B). Ten (10)

percent has looked to another public source designed to promote exports (Q#9C). Use of these sources is not mutually exclusive.

Non-exporters are slightly more likely to turn to a government program for advice than their exporting counterparts. The survey asked non-exporters who have either spent time researching or at least considering the possibility of exporting if they have turned to a publicly-funded program for help. Six (6) percent of non-exporters contacted the ITA (Q#12A); 12 percent the SBA (Q#12B); and 15 percent another public organization for help in making a decision about becoming an exporter (Q#12C).

The results of this poll suggest small-business owners are even less likely to contact the government for help regarding trade than they are for other reasons. Fewer than 10 percent of small manufacturers – with or without foreign sales – have made contact with any public entity regarding exporting. A previous NFIB poll indicated that a higher number – 20 percent – has contacted government for some other reason, such as financial or management assistance or basic compliance information (NFIB, Contacting Government).

Imports

Less than 13 percent of all small-business owners have purchased goods or services directly from vendors outside the United States in the last three years (Q#14). Less than one-quarter (24%) of manufacturers have done so. Of those manufacturers who have, imports made up a small percentage of their total purchases. About 45 percent bought 5 percent or less of their total purchases directly from foreign sources (Q#14a). Another 20 percent purchased between 6 and 10 percent of their goods or services outside the U.S. Just under 10 percent brought in over half of their goods or services directly from a foreign supplier.

Imports were most likely to come from Asia (36%) or Canada (28%). Small manufacturers also found suppliers in parts of Europe other than the British Isles (17%), the British Isles (7%), and Mexico (5%) (Q#15).

Final Comments

Small firm involvement in exporting is limited. Few small businesses export and foreign sales constitute a modest part of total

sales for those who do. The percentage of sales to non-U.S. customers has been holding steady over the last three years, although those who have seen a change in sales noticed some increases.

Exporters' marketing efforts are passive; two-thirds waits for sales to come to them. Exporters are likely to conduct business with traditional trading partners like Canada, but are unlikely to ship to many countries. Despite 10 years under the North American Free Trade Agreement, Mexico lags behind Asia as a recipient of small-firm exports.

Small-firm owners see many impediments to increased exporting. Exporters rank high costs and an inability to find foreign customers as top problems. They lack the expertise or reliable foreign representation to service an increased customer base. In addition, foreign sales involve other complications such as tariff and non-tariff barriers and licenses. Non-exporters stay domestic because they claim sales opportunities are better in the U.S. than abroad. Some do not have exportable products while others are not competitive. For many, foreign sales are too complicated to make it worth their while. It is the difficulties surrounding exporting that explains why larger firms export more than smaller firms. The resources of larger businesses help to overcome obstacles.

The percentage of small firms that import and the percentage of small firms that export are equal. Thirteen (13) percent sold to foreign customers and 13 percent purchased imports directly. Manufacturing firms are more likely to export than they are to import. Thirty-nine (39) percent of manufacturers shipped goods to non-U.S. customers, while just 24 percent purchased directly from non-U.S. vendors.

Finally, very few exporters rely on government programs for exporting resources. Considering the resources spent on these programs, policy-makers may want to explore the reasons why small-business owners do not use them.

International Trade

(Please review notes at the table's end.)

Employee Size of Manufacturer
 1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

1. In the last three years, approximately what percent of your total sales were made to customers outside the United States?

1a. In the last three years, did you have ANY sales outside the United States? (If “Don’t Know” or “Refuse” in Q#1.)

1b. Were they more or less than 5 percent of total sales? (If “Yes” to Q#1a.)

Data for all questions consolidated.

1. None	69.1%	57.2%	43.4%	60.9%	86.8%
2. 1 - 5 percent	21.1	23.4	30.7	23.9	9.3
3. 6 - 10 percent	4.9	7.5	6.8	5.7	1.3
4. 11 - 50 percent	2.9	10.4	15.6	7.3	1.3
5. > 50 percent	2.0	1.0	2.0	1.8	1.3
6. (DK/Refuse)	—	0.5	1.5	0.3	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	600	151

2. Did you EVER sell to customers outside the United States? (If “None” in Q#1.)

1. Yes	14.9%	12.2%	18.0%	14.8%	6.1%
2. No	85.1	87.8	82.0	85.2	93.9
3. (DK/Refuse)	—	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	141	115	89	353	131

Employee Size of Manufacturer

1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

2a. Why did you stop making those sales? Was it because: (If “Yes” in Q#2.)

1. The market dried up	—%	—%	—%	22.6%	—%
2. They were insufficiently profitable	—	—	—	20.8	—
3. They diverted attention from domestic sales	—	—	—	1.9	—
4. The hassles became too great	—	—	—	5.7	—
5. A bad experience	—	—	—	3.8	—
6. Negligible foreign sales in the first place	—	—	—	24.5	—
7. (Other)	—	—	—	13.2	—
8. (DK/Refuse)	—	—	—	7.5	—
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	21	14	16	51	8

2b. Are the chances high, so-so, or low that you will start selling to customers outside the United States again?

1. High	—%	—%	—%	5.6 %	—%
2. So-so	—	—	—	16.7	—
3. Low	—	—	—	77.8	—
4. (DK/Refuse)	—	—	—	—	—
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	21	14	16	51	8

3. Over the last three years, has the share of your sales to customers outside of the U.S. been growing, declining, or staying the same? Is that a lot or a little? (If “Growing” or “Declining.”)

1. Growing a lot	9.5%	11.6%	8.6%	9.4 %	—%
2. Growing a little	27.0	22.1	20.7	23.9	—
3. The same	46.0	51.2	51.7	49.1	—
4. Declining a little	11.1	7.0	8.6	9.0	—
5. Declining a lot	6.3	8.1	6.9	7.3	—
6. (Change but no estimate)	—	—	2.6	0.9	—
7. (DK/Refuse)	—	—	0.9	0.4	—
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

Employee Size of Manufacturer

1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

4. To customers in what country outside the U.S. did you make the most sales in the last three years?

1. Canada	30.2%	33.7%	31.9%	31.9%	—%
2. Mexico	14.3	15.1	11.2	13.4	—
3. British Isles (including the Republic of Ireland)	15.9	12.8	7.8	12.1	—
4. Continental Europe	6.3	8.1	10.3	8.2	—
5. Latin America (except Mexico)/Caribbean	4.8	2.3	6.9	5.2	—
6. Asia	12.7	17.5	14.7	14.2	—
7. Australia, New Zealand	3.2	2.3	5.2	3.4	—
8. Other/Unclassified	11.1	2.3	6.0	7.8	—
9. (DK/Refuse)	1.6	5.8	6.0	3.9	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

4a. In the last three years, in approximately how many different countries have you made sales?

1. One	22.2%	18.6%	14.8%	19.0%	—%
2. Two	11.1	16.3	16.5	14.2	—
3. Three	15.9	16.3	13.0	15.1	—
4. Four	11.1	15.1	11.3	11.6	—
5. Five	12.7	10.5	10.4	11.6	—
6. 6 - 10	17.5	9.3	20.9	17.2	—
7. > than 10	6.3	10.5	10.4	8.6	—
8. (DK/Refuse)	3.2	3.5	2.6	2.6	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

5. Which best describes your sales efforts outside the U.S. Do you?:

1. Regularly market and sell outside the U.S.	4.8%	10.5%	23.3%	12.0%	—%
2. Periodically market and sell outside the U.S.	19.0	17.4	15.5	17.6	—
3. Accept unsolicited orders from outside the U.S.	71.4	66.3	58.6	66.5	—
4. (DK/Refuse)	4.8	5.8	2.6	3.8	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

Employee Size of Manufacturer

1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

6. Are the majority of your sales to customers outside the U.S. the direct result of orders placed through an Internet Web site?

1. Yes	28.6%	19.8%	10.3%	20.5%	—%
2. No	65.1	76.7	88.8	75.6	—
3. (Does not apply)	4.8	1.2	—	2.1	—
4. (DK/Refuse)	1.6	2.3	0.9	1.7	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

7. About how many years have you been selling to customers outside the U.S.?

1. Two years or less	14.3%	4.8%	8.8%	10.9%	—%
2. 3 - 5 years	27.0	17.9	16.7	21.4	—
3. 6 - 10 years	20.6	28.6	21.9	21.8	—
4. 11 - 20 years	20.6	23.8	32.5	26.2	—
5. 21 - 30 years	9.5	14.3	12.3	11.4	—
6. > 30 years	7.9	10.7	7.9	8.3	—
7. (DK/Refuse)	—	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	84	114	261	20

8. Please tell me if the following severely limits, somewhat limits, or does not limit your ability to increase sales to customers outside the U.S. How about?:

A. Tariffs imposed by foreign governments

1. Severely limits	7.9%	10.5%	12.1%	9.9%	—%
2. Somewhat limits	30.2	19.8	25.9	27.2	—
3. Does not limit	55.6	65.1	58.6	59.1	—
4. (DK/Refuse)	6.4	4.7	3.4	3.9	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

B. Foreign government non-tariff barriers such as red tape and unwarranted standards

1. Severely limits	20.6%	12.8%	15.5%	17.5%	—%
2. Somewhat limits	17.5	24.4	27.6	22.2	—
3. Does not limit	61.9	57.0	53.4	58.1	—
4. (DK/Refuse)	—	5.9	3.5	2.1	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

Employee Size of Manufacturer
1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

C. Difficulties financing export sales

1. Severely limits	12.7%	4.7%	5.2%	8.6%	—%
2. Somewhat limits	15.9	14.0	13.8	14.6	—
3. Does not limit	66.7	81.4	78.4	73.8	—
4. (DK/Refuse)	4.8	—	2.6	3.0	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

D. Difficulties locating sales prospects

1. Severely limits	20.6%	24.4%	11.2%	17.9%	—%
2. Somewhat limits	28.6	27.9	41.4	32.9	—
3. Does not limit	50.8	45.3	44.8	47.9	—
4. (DK/Refuse)	—	2.3	2.6	1.3	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

E. Profitability of export sales

1. Severely limits	9.5%	16.3%	12.9%	11.9%	—%
2. Somewhat limits	27.0	26.7	28.4	27.7	—
3. Does not limit	61.9	54.7	57.8	59.1	—
4. (DK/Refuse)	1.6	2.4	0.9	1.3	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

F. Up-front costs of market development

1. Severely limits	12.7%	17.4%	12.9%	13.7%	—%
2. Somewhat limits	36.5	22.1	33.6	33.0	—
3. Does not limit	47.6	58.1	51.7	51.1	—
4. (DK/Refuse)	3.2	2.4	1.7	2.2	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

G. Shifting currency values

1. Severely limits	19.0%	9.3%	14.7%	15.8%	—%
2. Somewhat limits	25.4	22.1	29.3	26.1	—
3. Does not limit	54.0	68.6	54.3	56.8	—
4. (DK/Refuse)	1.6	—	1.7	1.3	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

Employee Size of Manufacturer
1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

H. Lack of management expertise in exporting

1. Severely limits	14.3%	8.1%	17.2%	14.1%	—%
2. Somewhat limits	39.7	30.2	26.7	33.3	—
3. Does not limit	41.3	59.3	54.3	49.1	—
4. (DK/Refuse)	4.8	2.3	1.8	3.4	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

I. Identifying reliable foreign representatives

1. Severely limits	23.8%	16.3%	19.0%	20.9%	—%
2. Somewhat limits	22.2	30.2	37.1	29.1	—
3. Does not limit	49.2	48.8	41.4	46.6	—
4. (DK/Refuse)	4.8	4.7	2.6	3.4	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

J. American export licenses

1. Severely limits	7.9%	1.2%	5.2%	5.6%	—%
2. Somewhat limits	19.0	17.4	12.9	16.7	—
3. Does not limit	69.8	76.7	80.2	74.8	—
4. (DK/Refuse)	3.2	4.7	1.7	3.0	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

9. In the last three years, have you sought export sales assistance from the?:

A. International Trade Administration at the U.S. Department of Commerce

1. Yes	9.5%	9.3%	9.5%	9.4%	—%
2. No	90.5	89.5	89.7	90.2	—
3. (DK/Refuse)	—	1.2	0.9	0.4	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

B. Small Business Administration

1. Yes	3.2%	5.8%	4.3%	3.8%	—%
2. No	96.8	93.0	95.7	96.0	—
3. (DK/Refuse)	—	1.2	—	0.2	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

Employee Size of Manufacturer

1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

C. Another publicly supported organization designed to promote exports

1. Yes	7.9%	15.1%	9.5%	9.8%	—%
2. No	92.1	83.7	90.5	90.0	—
3. (DK/Refuse)	—	1.2	—	0.2	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	265	20

10. Compared to your domestic sales, are your sales to customers outside the U.S.?:

1. Much more profitable	6.3%	5.8%	2.6%	4.7%	—%
2. More profitable	14.3	15.1	17.2	15.5	—
3. About the same	63.5	67.4	69.0	66.5	—
4. Less profitable	14.3	9.3	6.9	11.2	—
5. Much less profitable	—	—	2.6	0.9	—
6. (DK/Refuse)	1.6	2.4	1.7	1.3	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	63	86	116	243	20

11. In the last three years, have you or has someone on your behalf, spent eight hours or more investigating the potential for selling your products or services outside the U.S.? (If “None” in Q#1.)

1. Yes	5.8%	6.9%	19.2%	8.1%	4.9%
2. No	94.2	93.1	80.8	91.9	95.1
3. (DK/Refuse)	—	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	120	101	73	294	123

11 a. Have you ever considered the possibility of selling to customers outside the U.S.? (If “No” in Q#11.)

1. Yes	26.5%	21.3%	22.0%	24.9%	10.3%
2. No	72.6	78.7	78.0	74.4	89.7
3. (DK/Refuse)	0.9	—	—	0.7	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	113	94	59	266	117

Employee Size of Manufacturer
1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

12. In the process, was the _____ contacted? (If “Yes” in Q#11 or Q#11a.)

A. International Trade Administration at the U.S. Department of Commerce

1. Yes	—%	—%	—%	6.3%	—%
2. No	—	—	—	90.6	—
3. (DK/Refuse)	—	—	—	3.1	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	37	27	27	91	18

B. Small Business Administration

1. Yes	—%	—%	—%	11.5%	—%
2. No	—	—	—	85.4	—
3. (DK/Refuse)	—	—	—	3.1	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	37	27	27	91	18

C. Another publicly supported organization designed to promote exports

1. Yes	—%	—%	—%	14.6%	—%
2. No	—	—	—	85.4	—
3. (DK/Refuse)	—	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	37	27	27	91	18

13. Please tell me if the following is an important reason, a reason, or not a reason in your decision NOT to sell outside the United States. How about? (If “Yes” in Q#2, or “Yes” in Q#11, or “Yes” in Q#11a.)

A. My products or services are not really exportable

1. Important reason	20.7%	—%	—%	23.3%	—%
2. A reason	12.1	—	—	12.0	—
3. Not a reason	62.1	—	—	60.7	—
4. (DK/Refuse)	5.1	—	—	4.0	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

B. It’s too risky

1. Important reason	17.2%	—%	—%	16.0%	—%
2. A reason	15.5	—	—	20.7	—
3. Not a reason	63.8	—	—	60.3	—
4. (DK/Refuse)	3.4	—	—	2.0	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

Employee Size of Manufacturer

1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

C. Better sales opportunities exist in the U.S. than elsewhere

1. Important reason	34.5%	—%	—%	40.4%	—%
2. A reason	31.0	—	—	27.8	—
3. Not a reason	32.6	—	—	29.8	—
4. (DK/Refuse)	1.7	—	—	2.0	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

D. Start-up costs are too high

1. Important reason	17.2%	—%	—%	18.7%	—%
2. A reason	22.4	—	—	22.0	—
3. Not a reason	58.6	—	—	57.3	—
4. (DK/Refuse)	—	—	—	2.0	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

E. Basically satisfied with current sales level

1. Important reason	15.5%	—%	—%	17.2%	—%
2. A reason	19.0	—	—	17.2	—
3. Not a reason	63.8	—	—	64.2	—
4. (DK/Refuse)	1.7	—	—	1.3	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

F. Lack of expertise to locate and develop markets outside the U.S.

1. Important reason	29.3%	—%	—%	30.5%	—%
2. A reason	24.1	—	—	27.2	—
3. Not a reason	44.8	—	—	41.1	—
4. (DK/Refuse)	1.7	—	—	1.3	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

G. Couldn't provide the necessary follow-up or service for customers outside the U.S.

1. Important reason	24.1%	—%	—%	25.7%	—%
2. A reason	15.5	—	—	17.1	—
3. Not a reason	58.6	—	—	55.9	—
4. (DK/Refuse)	1.7	—	—	1.3	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

Employee Size of Manufacturer
1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

H. Too much regulation and red tape selling abroad

1. Important reason	29.3%	—%	—%	29.6%	—%
2. A reason	29.3	—	—	28.9	—
3. Not a reason	36.2	—	—	36.8	—
4. (DK/Refuse)	3.4	—	—	4.6	—
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

I. Not competitive outside the U.S.

1. Important reason	25.9%	—%	—%	28.0%	—%
2. A reason	24.1	—	—	23.3	—
3. Not a reason	39.7	—	—	37.3	—
4. (DK/Refuse)	10.3	—	—	11.3	—
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

J. Wouldn't feel comfortable doing business outside the U.S.

1. Important reason	15.5%	—%	—%	12.6%	—%
2. A reason	6.9	—	—	9.9	—
3. Not a reason	75.9	—	—	76.2	—
4. (DK/Refuse)	1.7	—	—	1.3	—
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	58	41	43	142	26

14. In the last three years, have you purchased goods and/or services DIRECTLY from vendors outside the United States?

1. Yes	17.6%	22.4%	40.0%	23.9%	12.6%
2. No	81.9	76.6	59.5	75.5	87.4
3. (DK/Refuse)	0.5	1.0	0.5	0.6	—
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	610	151

Employee Size of Manufacturer

1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

14a. Approximately what percentage of your total purchases in the last three years have been made directly from vendors outside the United States? (If “Yes” in Q#14.)

1. 1 - 5 percent	—%	—%	42.7%	45.3%	—%
2. 6 - 10 percent	—	—	19.5	19.4	—
3. 11 - 25 percent	—	—	12.2	11.5	—
4. 26 - 50 percent	—	—	15.9	11.5	—
5. > 50 percent	—	—	4.9	9.4	—
6. (DK/Refuse)	—	—	4.9	2.9	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	36	45	82	163	19

15. From vendors in what country outside the U.S. did you make the most purchases in the last three years?

1. Canada	—%	—%	17.9%	27.5 %	—%
2. Mexico	—	—	3.8	5.1	—
3. British Isles (including the Republic of Ireland)	—	—	9.0	6.5	—
4. Continental Europe	—	—	16.7	16.7	—
5. Latin America (except Mexico)/Caribbean	—	—	1.3	2.2	—
6. Asia	—	—	45.0	35.5	—
7. Australia, New Zealand	—	—	1.3	2.2	—
8 Other/Unclassified	—	—	1.3	2.9	—
9. (DK/Refuse)	—	—	3.8	1.4	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	36	42	78	156	18

Employee Size of Manufacturer
1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

Demographics

D1. Which best describes your position in the business?

1. Owner/manager	89.2%	86.1%	84.4%	87.5%	83.4%
2. Owner but NOT manager	5.4	8.0	4.9	5.7	7.9
3. Manager but NOT owner	5.4	6.0	10.7	6.8	8.6
4. (DK/Refuse)	—	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	610	151

D2. Is your primary business activity: (NAICs code)

1. Agriculture, forestry, fishing	—%	—%	—%	—%	6.6%
2. Construction	—	—	—	—	15.9
3. Manufacturing, mining	100.0	100.0	100.0	100.0	6.6
4. Wholesale trade	—	—	—	—	5.3
5. Retail trade	—	—	—	—	15.2
6. Transportation and warehousing	—	—	—	—	—
7. Information	—	—	—	—	2.0
8. Finance and insurance	—	—	—	—	4.0
9. Real estate and rental leasing	—	—	—	—	2.6
10. Professional/scientific/technical services	—	—	—	—	13.9
11. Adm. support/waste management services	—	—	—	—	2.0
12. Educational services	—	—	—	—	—
13. Health care and social assistance	—	—	—	—	4.0
14. Arts, entertainment, or recreation	—	—	—	—	2.0
15. Accommodations or food service	—	—	—	—	6.0
16. Other service, incl. repair, personal care	—	—	—	—	11.9
17. (Other)	—	—	—	—	1.4
18. (DK/Refuse)	—	—	—	—	0.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	610	151

Employee Size of Manufacturer

1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

D2a. What type of products do you manufacture?

1. Food Products	0.5%	—%	—%	0.3%	—%
2. Apparel, textiles, leather	6.9	6.5	3.9	6.0	—
3. Wood products, furniture	13.7	12.4	12.7	13.3	—
4. Paper; allied products	4.4	4.0	5.4	4.7	—
5. Printing	13.7	10.4	7.8	11.6	—
6. Chemicals, rubber plastics	7.8	9.0	10.7	8.8	—
7. Stone, glass, clay cement	2.0	1.0	6.3	2.8	—
8. Metal fabrication	16.2	20.9	16.1	16.9	—
9. Machinery; equipment	17.6	15.9	12.7	16.3	—
10. Instruments	4.4	4.5	5.9	4.8	—
11. (Electronics)	2.9	4.0	3.4	3.2	—
12. (Other)	9.8	11.4	15.1	11.3	—
13. (DK/Refuse)	—	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	610	9

D3. Over the last two years, have your real volume sales:?

1. Increased by 30 percent or more	12.7%	13.4%	17.1%	13.9%	19.2%
2. Increased by 20 to 29 percent	9.8	11.9	13.2	11.1	14.6
3. Increased by 10 to 19 percent	16.7	18.4	20.5	17.9	24.5
4. Changed less than 10 percent one way or the other	27.9	22.9	25.9	26.8	19.2
5. Decreased by 10 percent or more	30.9	31.8	22.4	29.0	17.2
6. (DK/Refuse)	2.0	1.5	1.0	1.3	5.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	200	610	151

Employee Size of Manufacturer

1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

D4. Is this business operated primarily from the home, including any associated structures such as a garage or a barn?

1. Yes	23.0%	—%	1.0%	16.0%	37.7%
2. No	77.0	98.0	99.0	83.6	62.3
3. (DK/Refuse)	—	1.0	—	0.3	—
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	610	151

D5. How long have you owned or operated this business?

1. < 6 years	20.1%	11.9%	14.6%	17.5%	25.2%
2. 6-10 years	20.1	15.9	17.1	18.7	17.9
3. 11-20 years	24.0	26.9	25.4	24.7	25.8
4. 21-30 years	24.0	23.4	21.5	23.3	16.6
5. 31 years+	10.3	17.9	18.0	13.5	9.3
6. (DK/Refuse)	1.5	4.0	3.4	2.3	5.7
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	610	151

D6. What is your highest level of formal education?

1. Did not complete high school	2.5%	1.5%	2.0%	2.2%	1.3%
2. High school diploma/GED	22.1	18.9	11.7	19.0	20.5
3. Some college or an associates degree	23.0	22.9	18.5	22.0	23.8
4. Vocational or technical school degree	8.3	2.0	2.4	6.0	3.3
5. College diploma	35.3	36.8	49.3	38.8	35.8
6. Advanced or professional degree	8.3	16.4	16.1	11.6	15.2
7. (DK/Refuse)	0.5	1.5	—	0.5	—
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	600	151

D7. Please tell me your age.

1. <25	0.5%	—%	—%	0.3%	2.0%
2. 25-34	3.4	4.0	3.9	3.7	7.9
3. 35-44	20.6	20.9	20.0	20.4	22.5
4. 45-54	28.4	35.3	31.7	30.4	39.1
5. 55-64	30.4	27.4	27.8	29.2	20.5
6. 65+	15.2	10.0	14.1	14.1	7.3
7. (DK/Refuse)	1.5	2.5	2.4	1.8	0.7
<hr/>					
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	610	151

Employee Size of Manufacturer
1-9 emp 10-19 emp 20-249 emp All Mfgers All Sm Bus

D8. What is the zip code of your business?

1. East (zips 010-219)	17.2%	20.7%	18.6%	18.1%	11.4%
2. South (zips 220-427)	20.6	18.2	15.7	19.1	20.8
3. Mid-West (zips 430-567, 600-658)	29.4	27.3	31.9	29.6	29.5
4. Central (zips 570-599, 660-898)	21.6	20.7	17.6	20.4	25.5
5. West (zips 900-999)	11.3	13.1	16.2	12.9	13.4
6. (DK/Refuse)	—	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	610	151

D9. Urbanization (Derived from zip code)

1. Highly Urban	7.4%	14.4%	13.2%	9.9%	13.2%
2. Urban	20.1	16.4	22.0	19.9	19.2
3. Fringe Urban	18.1	23.4	22.4	20.1	21.9
4. Small Cities/Towns	17.2	19.4	21.0	18.6	19.2
5. Rural	33.8	20.9	16.6	27.6	20.5
6. (DK/Refuse)	3.4	5.5	4.9	4.0	6.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	600	151

D10. Sex

Male	76.0%	81.5%	90.5%	80.5%	71.5%
Female	24.0	18.5	9.5	19.5	28.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%
N	204	201	205	610	151

Table Notes

1. All percentages appearing are based on weighted data.
2. All "Ns" appearing are based on unweighted data.
3. Data are not presented where there are fewer than 50 unweighted cases.
4. ()s around an answer indicate a volunteered response.

WARNING – When reviewing the table, care should be taken to distinguish between the percentage of the population and the percentage of those asked a particular question. Not every respondent was asked every question. All percentages appearing on the table use the number asked the question as the denominator.

Data Collection Methods

The data for this survey report were collected for the NFIB Research Foundation by the executive interviewing group of The Gallup Organization. The interviews for this edition of the *Poll* were conducted between February 2 - March 24, 2004 from samples of small manufacturers and small employers in all industries. "Small" was defined for purposes of this survey as a business owner employing no fewer than one individual in addition to the owner(s) and no more than 249.

The sampling frame used for the survey was drawn at the Foundation's direction from the files of the Dun & Bradstreet Corporation, an imperfect file but the best currently available for public use. Two samples were drawn from the file. The first was a random stratified sample of small manufacturers designed to compensate for their highly skewed distribution by employee size of firm (Table A1). Almost 60 percent of small manufacturers in the United States employ just one to nine people

meaning that a random sample would yield comparatively few larger small employers to interview. Since size within the small manufacturing population is often an important differentiating variable, it is necessary that an adequate number of interviews be conducted among those employing more than 10 people. The interview quotas established to achieve these added interviews from larger, small-business owners were arbitrary but adequate to allow independent examination of the 10-19 and 20-249 employee size classes as well as the 1-9 employee size group.

The second sample drawn was a random sample from all industries of small employers with firms having fewer than 250 employees. A proportionate number of manufacturers was included. It was less important for current purposes to examine the population by firm size than manufacturers. As a result, the different and simpler sampling strategy was employed for the general population.

Table A1

Sample Composition Under Varying Scenarios

Employee Size of Firm	Expected from Random Sample*		Obtained from Stratified Random Sample			
	Interviews Expected	Percent Distribution	Interview Quotas	Percent Distribution	Completed Interviews	Percent Distribution
1-9	355	59	200	33	204	33
10-19	98	16	200	33	201	33
20-249	147	25	200	33	205	34
All Firms	600	100	600	100	610	100

*Sample universe developed from 2001 data produced by the Bureau of the Census which is available on the agency Web site.

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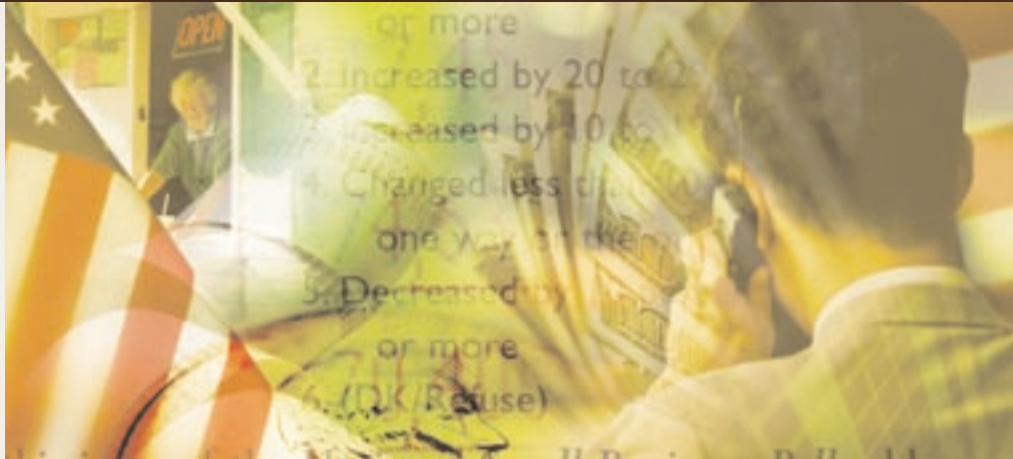
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The **NFIB Research Foundation** is a small-business-oriented research and information organization affiliated with the National Federation of Independent Business, the nation's largest small and independent business advocacy organization. Located in Washington, DC, the Foundation's primary purpose is to explore the policy related problems small-business owners encounter. Its periodic reports include *Small Business Economic Trends*, *Small Business Problems and Priorities*, and now the *National Small Business Poll*. The Foundation also publishes ad hoc reports on issues of concern to small-business owners. Included are analyses of selected proposed regulations using its Regulatory Impact Model (RIM). The Foundation's functions were recently transferred from the NFIB Education Foundation.



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